



**U.S. Department of Justice**

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**For Immediate Release:**

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**EVENT: Settlement**

**Defendant: Ciena Healthcare Management, Inc. et al**

**NURSING HOME CHAIN PAYS \$1.25 MILLION TO SETTLE FRAUD ALLEGATIONS**

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United States Attorney Stephen J. Murphy announced today that Ciena Healthcare Management, Inc., a Southfield corporation that manages 30 long-term care/skilled nursing facilities; Ciena's owner Mohammad Qazi; its Chief Financial Officer, Anis Khan; and Denise Mahnke-Pugh, Ciena's Chief Operating Officer, have paid \$1,250,000.00 to settle allegations that they improperly billed Medicaid and Medicare for inadequate care of and services to residents at four metro Detroit nursing homes. Of the settlement amount, the United States will be paid \$707,888.34, and the State of Michigan will receive \$542,111.61. The settlement amounts cover losses incurred, respectively, by the Federal Medicaid and Medicare Programs and the Michigan Medical Assistance Program due to the improper billings rendered by Ciena.

In addition, the defendants have collectively entered into a five-year corporate integrity agreement with the Department of Health and Human Services' Office of the Inspector General that requires the company to undertake certain measures to promote compliance with the requirements of Medicare, Medicaid, and all other Federal health care programs in each of the 30 Ciena managed facilities.

Joining in the announcement with United States Attorney Murphy were Michigan Attorney General Mike Cox; United States Department of Health and Human Services Inspector Dan Levinson; and Thomas Spokaeski, Assistant Special Agent in Charge, of the HHS Office of Inspector General in Detroit.

The 20 page settlement agreement covers the submission of claims to the Medicaid and Medicare programs for nursing and other health care services and treatment provided at the St. James Nursing Center, the Americare Convalescent Center and the Qualicare Nursing Home, all located in Detroit, and at Whitmore Lake's Northfield Place Nursing Home between January 2000 and December 2006. Those facilities allegedly failed to meet the needs of residents in the following areas:

1. resident nutrition and hydration;
2. assessments and evaluations of residents' needs;
3. care planning and nursing interventions;
4. medication management;
5. fall prevention and management; and
6. pressure ulcer care, including the prevention and treatment of wounds.

According to the settlement agreement, Ciena, Qazi, Khan and Mahnke-Pugh, while denying the allegations, agreed to the settlement "to avoid the delay, uncertainty, inconvenience and expense of protracted litigation." Ciena, Qazi, Kahn and Mahnke-Pugh fully cooperated with the government's investigation.

U.S. Attorney Murphy stated "We cannot tolerate the failure of nursing homes to provide

adequate care to the elderly and infirm, some of our area's most vulnerable citizens. Our office will continue to ensure that public funds expended on behalf of nursing home residents are used appropriately to provide adequate care and services. While we always expect to recover public funds that are improperly expended, in the case of nursing homes engaging in suspect practices, our primary goal is to ensure good patient care. Ciena's agreement and cooperation with the HHS-OIG to improve Ciena's policies and procedures at the 30 homes it manages will assist in our efforts to further this goal."

"Moreover, I appreciate the support and cooperation provided by Michigan Attorney General Cox and his office. In a day and age when joint federal/state investigations are often the best tools for rooting out suspect billing practices, this case serves as a fine example of the results that cooperation will produce."

Dan Levinson, HHS Inspector General stated, "This case also demonstrates OIG's commitment to holding corporations responsible if they provide substandard care to our nation's seniors. OIG takes seriously its oversight role to ensure that providers do not abdicate their responsibility to ensure high quality care for program beneficiaries."

The civil settlement resolves allegations arising from a lawsuit filed under the *qui tam* or whistle blower provisions of the False Claims Act, a federal law that allows private individuals, known as relators, to sue on behalf of the government. Under the False Claims Act, the government may recover up to three times the amount of the fraud loss.

The False Claims Act mandates that whistle blower lawsuits are filed under seal to allow the government an opportunity to investigate the allegations and decide whether to take an active role in the litigation. The False Claims Act allows that a whistle blower can receive between 15 and 25 percent of the government's recovery in a case that the government intervenes. Relators also are entitled to recovery any attorney fees incurred.

United States Attorney Murphy specifically thanked the Department of Human Services, Office of Inspector General and the Michigan Attorney General's Office for their investigation and cooperation in the case.

The United States was represented by Assistant United States Attorney Michael J. Riordan, whom United States Attorney Murphy likewise thanked for his hard and capable work.

The lawsuit is filed as U.S. *ex rel.* Denise Hubbard v. Ciena Healthcare Management, et al., CV-03-60175 (E.D. Mich.).

Copies of the settlement agreement may be obtained from the U.S. Attorney's Office.